

## Message Text

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ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 /026 R

DRAFTED BY EB/IFD:RRYAN/EB/ORF:SBOSWORTH:SMCP/NAF  
APPROVED BY E (DESIGNATE):RNCOOPER  
EB:PHBOEKER  
S/S SESTEINER  
SESTEINER

-----272138Z 002765 /66

O 272109Z MAR 77  
FM SECSTATE WASHDC  
TO AMEMBASSY LONDON IMMEDIATE  
INFO USMISSION EC BRUSSELS IMMEDIATE

C O N F I D E N T I A L STATE 068035

EXDIS

E.O. 11652: GDS

TAGS: EGEN

SUBJECT: REACTION TO QUOTE IMMEDIATE ACTION UNQUOTE  
PROPOSAL

-

1. EMBASSY SHOULD PASS THE FOLLOWING INFORMATION TO  
PERMANENT SECRETARY BUTLER FROM UNDER SECRETARY-DESIGNATE  
COOPER.

2. THE U.S. ADMINISTRATION HAS GIVEN SERIOUS HIGH-LEVEL  
CONSIDERATION TO THE COMMUNITY'S QUOTE IMMEDIATE ACTION  
UNQUOTE PROPOSAL INCLUDING THE VARIANT PROPOSED BY THE UK.  
WE SHARE THE IMPORTANCE WHICH THE COMMUNITY  
ATTACHES TO A SUCCESSFUL CONCLUSION TO THE CIEC. WE ALSO  
AGREE THAT A MAJOR ELEMENT IN THE FINAL PACKAGE SHOULD BE  
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A COMMITMENT BY THE G-8 TO INCREASED FOREIGN ASSISTANCE.  
WE SEE THIS IN A CONTEXT BROADER THAN A ONE-SHOT INCREASE  
IN QUICK-DISBURSING AID.

3. THE U.S. IS PREPARED TO WORK WITH THE EC ON A MUTUALLY  
ACCEPTABLE QUOTE IMMEDIATE ACTION UNQUOTE PROGRAM FOR AN  
APPROPRIATELY DEFINED GROUP OF THE POOREST LDC'S ON T;E

CLEAR UNDERSTANDING THAT OUR PARTICIPATION WOULD TAKE THE FORM OF ATTRIBUTING BILATERAL AID INCREASES WE ARE NOW SEEKING FOR FISCAL YEAR 1978 AND MAY SEEK IN 1979. WE WILL BE CONSIDERING INCREASES OF A MAGNITUDE WHICH WOULD ENABLE US TO TAKE OUR FAIR SHARE OF THE \$1 BILLION PROGRAM PROPOSED. AT THIS TIME, HOWEVER, THE PRESIDENT HAS NOT DECIDED ON ANY FOREIGN ASSISTANCE ISSUES BEYOND FISCAL YEAR 1978, BUT WE WOULD PROPOSE TO REQUEST PRESIDENTIAL APPROVAL FOR SUCH AID FOR FY 79 IN EARLY MAY, WELL IN ADVANCE OF THE NORMAL BUDGET CYCLE. WE WILL NOT BE IN A POSITION TO PROVIDE MUCH FAST-DISBURSING ASSISTANCE. FURTHER WE MUST RETAIN FOR OURSELVES THE AUTHORITY TO DETERMINE WHICH COUNTRIES RECEIVE OUR ASSISTANCE AND THE AMOUNTS INVOLVED FOR EACH COUNTRY.

4. WITH REGARD TO THE STRUCTURE OF THE PROGRAM, WE PREFER THE ORIGINAL COMMUNITY CONCEPT OF A GLOBAL G-8 PLEDGE IMPLEMENTED BY ITS PARTICIPANTS BILATERALLY. WE WOULD HAVE NO OBJECTION, HOWEVER, IF THE COMMUNITY WOULD PREFER TO PARTICIPATE IN A SPECIAL IDA TRANCHE, AS FIRST SUGGESTED BY THE UK, WHICH WAS NOT LINKED IN ANY WAY TO THE US/EC DEBT PROPOSAL. WE HAVE SERIOUS PROBLEMS, HOWEVER, WITH THE REVISED UK PROPOSAL TO ESTABLISH A DEBT PROPOSAL. WE ARE NOT PREPARED TO TURN OVER TO THE IBRD GROUP RESPONSIBILITY FOR ALLOCATING THE ACTION PROGRAM RESOURCES TO COUNTRIES QUALIFYING UNDER THE US/EC PROCEDURE. IN OUR VIEW, THE DONORS MUST RETAIN CONTROL. WE CANNOT ACCEPT THE CONCEPT OF IDA APPROACHING US FOR "PARALLEL BILATERAL ACTION." IT WOULD ENGENDER CON-  
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CONGRESSIONAL OPPOSITION ON THE GROUNDS THAT THE 'PROGRAM' IN ESSENCE PROVIDES BACK DOOR FINANCING FOR IDA WITHOUT CONTROL BY CONGRESSIONAL APPROPRIATIONS. FURTHER, WE THINK THE ESTABLISHMENT IN EFFECT OF A NEW AD HOC IDA PROGRAM LOAN WINDOW WOULD WEAKEN IDA'S INTEGRITY.

5. IN OUR VIEW, THE FOCUS OF CIEC ON FOREIGN ASSISTANCE SHOULD BE OVER A SOMEWHAT LONGER TIME FRAME THAN CONTEMPLATED BY THE QUOTE IMMEDIATE ACTION UNQUOTE PROPOSAL. WE WOULD HOPE THAT THE G-8 COUNTRIES TOGETHER WOULD BE IN A POSITION TO COMMIT THEMSELVES TO SUBSTANTIAL INCREASES IN FOREIGN ASSISTANCE OVER COMING YEARS. INDIVIDUAL MEMBERS WOULD STATE THEIR INTENTIONS IN THIS REGARD. THE INTENTIONS OF THE MEMBERS WOULD, OF COURSE, BE DIFFERENTIATED DEPENDING ON THEIR PRESENT CIRCUMSTANCES. AS PART OF THE FOREIGN ASSISTANCE PACKAGE OF CIEC, WE WOULD ALSO HOPE THAT THERE WOULD BE AGREEMENT ON MEASURES TO IMPROVE THE QUALITY OF AID AND A CALL FOR AN INCREASE IN IBRD RESOURCES.

6. THERE HAS BEEN NO CHANGE IN OUR POSITION ON DEBT RELIEF. WE WILL CONTINUE TO OPPOSE GENERALIZED DEBT

RESCHEDULING WHILE SUPPORTING THE EXISTING US/EC PROPOSAL.

7. AS WE HAVE ALREADY STATED, WE HAVE NO A PRIORI OBJECTION TO A COMMON FUND. WE BELIEVE, HOWEVER, THAT ANY COMMON FUND MECHANISM SHOULD BE ESTABLISHED ONLY AFTER A NUMBER OF BUFFER STOCKS HAVE BEEN NEGOTIATED. IN THE MEANTIME, WE ARE PREPARED TO CONTINUE TO EXPLORE THE ISSUE OF COMMON FUNDING IN PARALLEL WITH THE WORK ON INDIVIDUAL COMMODITIES. OUR APPROACH TO COMMON FUNDING ENVISIONS A POOLING OF THE FUNDS OF INDIVIDUAL BUFFER STOCKS IN A MECHANISM LINKED TO THE IBRD WITH, DEPENDING ON THE RESULTS OF OUR CONSULTATIONS WITH THE CONGRESS AND

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OTHER COUNTRIES, A POSSIBLE OVERDRAFT FACILITY.  
CHRISTOPHER

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NNN

## Message Attributes

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**Decaption Note:** 25 YEAR REVIEW  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
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**Executive Order:** GS  
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**Type:** TE  
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